



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

m/037/025

Michael O. Leavitt
Governor

Ted Stewart
Executive Director

James W. Carter
Division Director

355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203
801-538-5340
801-359-3940 (Fax)
801-538-5319 (TDD)

October 14, 1993

TO: Tony Gallegos, Reclamation Engineer
FROM: Steve Schneider, Oil & Gas Audit Manager *Steve*
RE: Review of Union Carbide Financial Statements

I have reviewed the Union Carbide financial statements (Form 10-Q) for the past two years, and offer the following comments for your information:

1. The current ratio meets the self bonding criteria in June 1993 and June 1992, but fails in December 1992 and December 1991.
2. The total liability to net worth ratio meets the self bonding criteria in June 1993, June 1992, and December 1991, but fails in December 1992.
3. Tangible net worth far exceeds the self bonding criteria in each of the past four periods.
4. The self bonding criteria requires \$20 million of fixed assets in the United States. The fixed assets reflected on Union Carbide's consolidated financial statement likely include non-U.S. assets; however, Union Carbide's consolidated fixed assets exceed the requirement by 125 times. As a result, I've concluded Union Carbide meets our criteria for fixed assets.

Please let me know if you have any questions on the above comments or the attached financial ratios.

Attachment

cc: R. J. Firth

Union Carbide

Financial Ratios

| | 6/93 | 12/92 | 6/92 | 12/91 |
|---|------|-------|------|-------|
| CUR ASSETS/CUR LIAB (Min of 1.2) | 1.31 | 1.07 | 1.29 | 1.09 |
| TOTAL LIAB/NET WORTH (Max of 2.5) | 2.16 | 2.99 | 2.22 | 2.05 |

Financial Statement Data (Millions of Dollars)

| | 6/93 | 12/92 | 6/92 | 12/91 |
|--|-------|-------|-------|-------|
| CURRENT ASSETS | 1,556 | 1,579 | 1,777 | 2,641 |
| CURRENT LIABILITIES | 1,192 | 1,477 | 1,378 | 2,432 |
| TOTAL LIABILITIES | 3,330 | 3,703 | 3,623 | 4,587 |
| TANGIBLE NET WORTH (Min of 10 Million) | 1,544 | 1,238 | 1,630 | 2,239 |
| FIXED ASSETS (Min of 20 Million) | 2,501 | 2,539 | 2,482 | 2,499 |